

Summary of Proposed Rule Change

for
Arkansas Teacher Retirement System

Rule 10-3 TEACHER DEFERRED OPTION PLAN (T-DROP)

Substantive changes

The primary purpose of the rule change is to allow interest to be accrued and credited to an ATRS member's T-DROP account for members who meet the following criteria:

- Participate in T-DROP for at least 10 years;
- Have not retired; and
- Continue to work for an ATRS-covered employer.

Prior to the adoption of this rule, no interest was accrued or credited to a member's T-DROP account after ten years participation in T-DROP.

The Board of Trustees sets the interest rate for the eligible T-DROP accounts each year. Rule 10-3 limits the interest rate on T-DROP to a maximum of six percent (6%) and a minimum of four percent (4%). The rule sets the initial rate for year 2010 at four percent (4%).

Non-substantive changes

The remaining non-substantive changes:

- Include definitions for consistency within the Rule and the Arkansas Code;
- Reorganize the definitions in alphabetical order; and
- Edit existing language for simplicity, plain meaning, and clarity.